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ADDRESS BY

JOHN B. MCNAIR, K. C.,

PREMIER OF NEW BRUNSWICK

AT THE

DOMINION-PROVINCIAL CONFERENCE

AUGUST 6, 1945.

OTTAWA

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O T T A W A





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I wish to acknowledge the satisfaction our delegation has in the opportunity to share in these deliberations. We have very vivid recollections of the Conference called in 1941 to study the Report of The Royal Commission on Dominion-Provincial Relations. Unfortunately, due to the unbending attitude of some participants, it early collapsed. We have come to lend our utmost effort for the success of this Conference.

It should be recognized that this gathering presents a variegated political complexion. From the Provinces representatives of nine Governments, representing various schools of political thought, have assembled. Our purposes, however, are, or should be, the same, -- each to do his bit in nation building. Out of our diversity may come great strength; our success prove another triumph of democracy.

I assume that no responsible person in the Dominion really believes that the Union can, or should, be dissolved. The people of Canada, scattered throughout the nine Provinces, will, regardless of what is said or done here, continue to live together. That being so we should, I submit, lend our efforts to foster more harmonious relationships, a deeper understanding,

a more balanced economic and social structure and greater unity within the Nation than have at times marked the path in the past.

The days in which we meet alike constitute for us an inspiration and a challenge. With the world at large we in Canada have been passing through the greatest crisis in human history. The price paid for false ideals and faulty leadership, and for their overthrow, has been heavy. It is a matter of pride that our country has again risen to the full height of her responsibilities.

Forty thousand of our youth have added their graves to those of the sixty thousand who, at the end of World War I, slept in foreign soil. Tens of millions have died throughout the world that we might, among our other rights, have the democratic privilege of meeting at this time as representatives of a free Nation. Doubtless, if so minded, we can find much to divide us. But under the stimulus of those sacrifices we should be minded, each according to his capacity, to seek new levels in statecraft, determined to shape a course which will prove an example for others in nation and world building.

Just the other day the Conference of the United Nations ended at San Francisco. Its purpose was to lay foundations for international stability, human

security and world peace. It called for understanding, cooperation and good-will between the fifty participating nations. Our work calls for similar qualities and attitudes. In Canada can be found all the elements which twice in our generation have operated to tear the world apart,--matters of race and creed, geographical distinctions, cultural differences, social and economic diversities. They are rich in potentialities for division and distrust. If, in our own Canadian household, the leadership of our day is unable to resolve its problems what chance have the Nations of the World to succeed in the larger task?

I suggest that in our work here, we should feel that the eyes--if not of the world--at least of many neighbours are upon us. We cannot afford to let this Conference fail.

Our country is now passing into the period of transition from a war to a peacetime economy. We all hope, and pray, that the process will shortly, with victory in the East, be greatly hastened. All during the war there has been much talk in this country, as elsewhere, of a new social and economic order.

That subject, with all that is involved in national re-organization and reconstruction, is of more than ordinary concern to the people of my

Province. The need for social and economic improvement existed long before the outbreak of hostilities.

For a variety of reasons the provincial economy has for a long period of time been in a depressed state. The forces which have caused this condition are quite beyond the control of the Province. Geography, national policy and monopolistic competition from other parts of Canada have been basic contributing factors.

Except for a brief period during the late Depression, when the Prairie sections were particularly hard hit, the per capita income of New Brunswick has been, with the exception of one Province, the lowest in Canada. While our internal situation has improved during the war, there is nothing to indicate that our relative position within Confederation is any better. A more equitable share of the national income is for us a vital matter.

This statement of our position is in line with the views of the Royal Commission on Dominion-Provincial Relations, expressed as follows:

"New Brunswick shares with Nova Scotia the unhappy distinction of the longest unfavourable economic history of any Canadian Province."

(Report, Book 2, page 91)

Earlier in their Report the Commission pointed out this:

"The general effect of national policies has been to accelerate the natural shift of industry and finance, and of concentration of wealth and income, to Central Canada."

(Report, Book 1, page 190)

The remedies for such conditions lie primarily with the federal authorities, which under the Constitution have exclusive jurisdiction in all matters of national importance, including such items as tariffs, freight rates, international and inter-provincial trade, credit, exchange and monetary policy. These are subject-matter of fundamental concern to the primary industries upon which the welfare of the people of New Brunswick chiefly depends.

So far as post-war planning is concerned our essential aims are those common to all Canada. They are:

- (1) employment, with reasonable returns for their labour, for all our people who are able and willing to work;
- (2) improved educational facilities and enlarged educational opportunities; and
- (3) social and welfare services comparable to those obtaining elsewhere.

Since the economy of New Brunswick is based on its natural resources, the well-being of our people depends in large measure upon the healthy condition of the primary industries--forestry, farming, fishing

and mining. To these should be added the tourist industry.

It is not my intention at this point in our proceedings to suggest specific policies or measures to improve conditions in New Brunswick. I feel such is more proper subject matter for the sub-conference or committee stage, when the members of my Cabinet and their advisers will be participating. I shall content myself now with touching upon one or two matters of more general significance.

First may I observe that the maintenance of the national income at a high level is recognized as a prime national objective. In any planning for the future its more even distribution on a regional basis should receive foremost consideration. It will be entirely unsatisfactory to New Brunswick to have the present disproportion or unbalance stabilized or frozen.

The extent of the national income is dependent upon the production of goods and services along with construction and other works projects, supplemented by social security measures. Due to the fact that the bulk of our population in New Brunswick is engaged in the primary industries, the per capita income is, as has been pointed out, relatively low. One effective method of raising the scale would be by increasing

the flow of money through public spending.

The benefits which would result from better highways and other transportation facilities, forest motor roads, wider electric power services, land reclamation, flood control, the development of national parks and other tourist facilities would be reflected not alone in increased buying power but in economies for our producers, greater efficiency in production and improved methods and practices in the conservation and utilization of our natural resources. Such expenditures would also permit a fuller development of the tourist industry for which our Province excels, and which may readily be made a business of major proportions.

The financing of such a programme is for us a matter of grave concern.

Having carried the bulk of unemployment costs during the Depression years, first under the dole system and later through public works programmes, the Province is unable, out of its own financial resources, to assume new burdens of the nature indicated--except at such sacrifices in lessened social, educational and welfare services as could not be tolerated.

In this connection I would remind the Conference that the Commission on Dominion-Provincial Relations made very sweeping recommendations in our case for federal assistance in the following language:

"New Brunswick (Province and municipalities) is at present spending little more than half what the Commission estimated would be necessary to bring its education and public welfare services to the real (although not dollar) national per capita average. The explanation of this is found in New Brunswick's lack of taxable capacity, and in the heavy drain of its unproductive debt burden. Consequently, although New Brunswick would gain, in round figures, some \$1,300,000 under the general provisions of the Plan, the Commission recommends an annual National Adjustment Grant of \$1,500,000. This is chiefly to make provision for increased expenditure on education and public welfare (in approximately equal parts) but some allowance has also been made for a moderate expansion in public domain and developmental expenditures. - - - The resulting surplus, which is expected to provide for expanded educational, welfare, and to a small extent, developmental services, is large in relation to total current expenditures, but not in relation to New Brunswick's needs if the Government of that Province is to be put in a position to supply the average Canadian standard of social services and education to its citizens." (Book 2, p. 92)

May I observe that any representations being made in the present connection on behalf of the provincial authorities apply with equal force to the municipalities and other local governing bodies.

The Financial Plan recommended by the Commission for New Brunswick was enlarged in later studies made in preparation for the Conference of the Dominion and the Provinces called to consider the Report in January, 1941. As so extended its implementation would have improved our financial position by nearly 4 millions of dollars, to be used to bring the services mentioned up to the average standard existing throughout Canada.

This estimate of our requirements was based upon costs considerably lower than those prevailing

today, and on the assumption that other services could be maintained on a normal basis.

That statement of our fiscal need indicates that much is required by way of increased subsidies, grants-in-aid or in some other form of assistance if the people of New Brunswick are to enjoy, at an appropriate level, the public services which today are considered throughout Canada as normal requirements.

It will serve also to indicate the effect on our social and educational services, and the sacrifices which would be required of the people of New Brunswick, if the Province were obliged to assume the burden of a post-war reconstruction programme suitable to its needs.

Here I would remind the Conference of another principle laid down by The Royal Commission. It has a direct bearing on the present matter. I quote their language as follows:

"When as a result of national policy undertaken in the general interest, one region is enriched and others impoverished it would appear that there is some obligation, if not to redress the balance, at least to provide for the victims; and policies of taxation and public expenditures offer a convenient means."

In the light of our circumstances it must be evident that the financing of any public works or other developmental programme and the improvement of our services generally require active and substantial assistance from the federal authorities.

There is nothing novel in that suggestion. At the time of Confederation the right of the people in the several Provinces to have their local services guaranteed or underwritten by the national treasury was conceded. It was recognized that the Dominion was obtaining the main sources of revenue and the right to exploit all fields of taxation. Subsidies based on population and grants in aid of civil government were arranged for the Provinces. The sums then fixed were considered adequate to permit the Provinces to carry on their governmental services, according to the standards of the day, on a uniform basis.

Great changes have since taken place in the scope of public business. Services never dreamed of by the founders of Confederation have become the concern of governments. The field of public administration is still growing, at an accelerated pace.

Had the Provinces enjoyed the same even economic development they might well be left to their own devices in public financing. Such, unfortunately for us in New Brunswick, has not been the case. As I understand it we are here to find remedies to meet that situation.

To avoid misunderstanding let me affirm an unfaltering belief in the wisdom of those responsible for Confederation and in our federal system of government. A Rational distribution of legislative and

executive power in our land is as necessary today, to our mixed social, cultural and political situation, as at any time in our history. While admitting that, with the lapse of time and the growth in governmental functions, some adjustments in jurisdiction between the Dominion and the Provinces may be necessary or advisable, I believe that for the most part present day problems can be solved within the framework of the Constitution. I question the wisdom of those who would approach an adjustment of Dominion-Provincial Relations, and the tasks of Reconstruction, with a blueprint calling for a wholesale re-writing of the B.N.A. Act. Such is to my mind unnecessary; to attempt it, unwise.

On the other hand one should not recognize provincial autonomy, so-called, as an end in itself. It may easily become a fetish, a catch-cry, or a cloak for regional, or sectional, advantage and privilege. The primary end of all government in Canada is the welfare of the people, theirs the sovereign interest. If we are minded to build a strong and virile nation none of us can ignore the needs and welfare of all Canadians, in whatever Province they may be found. This involves, of course, due protection for certain minority rights.

We in New Brunswick ask for no privileges, benefits or advantages that we are not prepared to share with our fellow-Canadians. We feel it is proper to

expect reciprocal treatment.

I am quite hopeful that much may be accomplished, at this Conference, through general agreement, to promote the interests of all the people of Canada on a basis of equity, fairness and fair play. That method is altogether desirable.

At the same time I feel constrained to say that in my view the destinies and fortunes of those I represent should not be made to rest upon the actions or attitudes of a government or governments having no jurisdiction over their affairs, nor responsibility therefor.

In short, the people of New Brunswick will not be content to pin their ultimate hopes for correction of the disadvantages under which they have long been suffering on the sole prospect of reaching final conclusions on all material matters in a gathering as complex as this Conference.

And holding the view that, widely speaking, our needs are financial and that our social and economic problems can be solved within the present framework of the Constitution, I do not think that the need for unanimity of decision is absolute--desirable as it unquestionably is from a broad Canadian viewpoint.

Let it be remembered again that the control of all matters national in their scope and which affect

most vitally the social and economic well-being of the people in the Provinces, is now vested in the Central Government. I have already mentioned the main items. The chronic unbalance in the Canadian economy with the heavy concentration of industrial, commercial and financial power in certain favoured areas, is due to the play of forces under the control of the Dominion Parliament and Government, since Confederation. That situation is capable of being remedied, and only remedied, through national policy.

Unquestionably too there is an extensive field in which the Dominion and Provinces can alike function. By the express language of the B.N.A. Act, concurrent jurisdiction is given them over agriculture and immigration. Apart from this, the recent adoption of the Family Allowances plan indicates how widely the Dominion may proceed in the implementation of social security measures which the Provinces individually might themselves adopt, if financially able.

On the other hand, there are numerous matters over which the Provinces have an unquestionable exclusive jurisdiction. Governmental services in relation to them are constantly expanding. The costs of administration are continually growing. With our restricted economic development in New Brunswick, our problem is to finance such services, to the end that our people

may enjoy them on a scale commensurate with what prevails in other sections of Canada.

Here again the Dominion has adequate power to meet the needs of our Province, as well as others. With its control of monetary policy, and the broad and unlimited powers of taxation it possesses, the Dominion is in a position, drawing upon the resources and tax-bearing capacity of the whole Nation, to see to it that the Provinces are placed in a position to maintain their local services at appropriate and uniform Canadian levels. No constitutional amendment is necessary to bring about that measure of justice.

It would, I feel, be not out of place in this connection to remind the Conference that in the present war, as in the last, the people of New Brunswick have a record second to none in Canada. Every objective set for them has been achieved, and surpassed--war lending, food production, voluntary enlistments, and so on.

For those thousands, out of New Brunswick homes, who fought in the skies of Europe and other air fronts, who maintained their long vigils on the Atlantic, who carried the name of Canada across the plains of Sicily, up the slopes and through the mud of Italy, over the beaches of Normandy, and along the hard way to Berlin, one must require a fair measure of Canadian justice.

Apart from all other considerations, I would be remiss in my duty should I fail now to record a demand that action be taken to give to the Province to which they are returning its proper place in the national household.

I believe that the first attempt at a re-adjustment of the financial relations of New Brunswick with the Dominion followed the Report of the Duncan Commission in 1927. As a result of those findings, supplemented a few years later by the recommendations of the White Commission, an additional sum of \$900,000 was made available to New Brunswick to finance the provincial services. This limited assistance proved entirely inadequate to raise the standard of services to the average Canadian level.

It was in order to meet the financial situation confronting some of the Provinces that the Dominion Government in 1937 appointed the Royal Commission, repeatedly referred to, to study the necessities of the situation and make recommendations for better financial arrangements between the Dominion and the Provinces, having in mind the responsibilities of the latter.

As a result of events following the Report of the Commission, well known to all of us, negotiations took place between the Dominion and the Provinces

which culminated in the tax agreements of 1942. Under those agreements the Provinces have been receiving certain annual sums to compensate them for their loss of revenue in abandoning temporarily certain tax fields.

The compensation payable to New Brunswick, and its municipalities, was based on the amount of income and corporation taxes collected by them in 1940, plus a small fiscal need subsidy of \$300,000 for the provincial treasury. That agreement, according to the general plan, will terminate shortly after the end of the present war.

In view of the present budgetary position of the Province, I urge that immediate consideration be given to an early revision of our agreement, with a view to meeting the rising costs, and the needs, of our services generally.

My main point, however, is that the plan of operation which brought about the existing financial arrangements between the Dominion and the Provinces may well prove the pattern of action in the post-war period. It can make possible the negotiation of proper financial terms between the Dominion and the Provinces, acting in concert if so minded, separately should occasion require it. It can be employed to implement the spirit, and in reasonable measure the

letter, of the financial recommendations of the Rowell-Sirois Report.

All these matters, and obviously a wealth of other suggestions, will, I assume, be under study at this Conference. They should be viewed in no narrow or sectional way; but with the thought ever in mind that if our country is to measure up to her strategic position among the Nations, particularly those of the English-speaking denomination, there must be justice and fairness for all her people, regardless of locality. In short, we must seek to develop in the hearts of the people of Canada a feeling of oneness, a sense of nationhood.

I am reminded of words used by a great Britisher, then Governor-General of Canada, spoken after his astute and far-seeing mind had sensed our Canadian situation and weighed its needs.

This is a declaration uttered by the late Lord Tweedsmuir in 1937:

"Canada is a sovereign nation and cannot take her attitude docilely from Britain, or from the United States, or from anybody else. A Canadian's first loyalty is not to the British Commonwealth of Nations but to Canada and to Canada's King and those who deny this are doing a great disservice to the Commonwealth."

In concluding I submit that we should all sedulously seek to promote in this country a feeling of national pride, a belief in the greatness of our

Nation, a sense of common destiny, a spirit of true Canadianism, to the end that the forces of bigotry, sectionalism and prejudice may lose their power among us. The instruments for our purpose must continue to be ~~the~~ homespun virtues--tolerance, good-will, neighbourliness, charity, moderation, fair play, the practice of the Golden Rule.

We have had an example set for us in our present business. It is fresh before us. I allude to the action of the present generation of Canadian youth who, in their hundreds of thousands, voluntarily offered themselves in this war that mankind might have liberty and this Land might be free.

I like to think of the words of one of them, a gallant son of Canada from the Province of Quebec, who by participation with his compatriots therein learned of the real sacrifice of war, who knows the spiritual and moral forces which lead men into the jaws of Death that others may live in freedom. This is what, out of the wealth of his experience, he said after returning to Canada:

"We landed on the shores of Dieppe not thinking of our faith; not thinking of our tongue, nor of tradition; we went there thinking of Canada, our country, which we were seeking to defend and the Cause of Freedom we were championing at that time."

We have had our domestic controversies, some internal confusion during the war. Yet Canada has

come through it all with few, if any, scars upon the body politic; certainly with none that we cannot afford to forget. Now we are supposed to be moving forward into a new era dedicated to the maintenance of the four Freedoms and certain allied concepts.

For the second time in one generation young Canada has offered its youth with all that youth holds dear, Life itself, that peace and good-will may reign among the nations and in the hearts of their peoples. Their action is our challenge.

How then shall we approach our tasks of leadership? May I here borrow the language of a great American addressed to his people as his country, under his leadership, was emerging from a great civil war? With this I close:

These are his words:

"With malice toward none, with charity for all, with firmness in the right, as God gives us to see the right, let us strive on to finish the work we are in; to bind up the nation's wounds; to care for him who shall have borne the battle, and for his widow, and his orphan; to do all that may achieve and cherish a just and a lasting peace among ourselves and with all nations."

